

Message Text

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ORIGIN PA-02

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FOR CARTER FROM PA

E.O. 11652: N/A

TAGS: SOPN, OVIP (VANCE)

SUBJECT: PRESS MATERIAL

1. HERewith FULL TEXT GRAHAM HOVEY FRONT-PAGE BY-LINER
NEW YORK TIMES TUESDAY AUGUST 2 HEADED "CARTER DRAWS LINE
IN TALKS ON CANAL."

2. WASHINGTON, AUG. 1 -- PRESIDENT CARTER HAS WARNED
THE PANAMANIAN CHIEF OF GOVERNMENT TO EXPECT NO FURTHER
MAJOR CONCESSIONS FROM THE UNITED STATES IN THE NEGOTIA-
TIONS FOR A NEW PANAMA CANAL TREATY.

3. A COPY OF THE PRESIDENT'S LETTER, SENT TO BRIG. GEN.
OMAR TORRIJOS HERRERA FRIDAY AFTER MR. CARTER HAD CALLED
THE CHIEF NEGOTIATORS FOR BOTH SIDES TO THE WHITE HOUSE
TO ENCOURAGE THEIR EFFORTS, WAS OBTAINED BY THE NEW YORK
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TIMES.

4. THE LETTER WAS AS GENERALLY OPTIMISTIC IN TONE AS
MR. CARTER HAD BEEN IN HIS EXCHANGES WITH THE NEGOTIA-
TORS, BUT IT CONTAINED THREE SEPARATE WARNINGS TO GENE-
RAL TORRIJOS NOT TO PUSH TOO HARD IN TALKS THAT THE
PRESIDENT SAID WERE "NOW NEARING COMPLETION." ONE

WARNING ALLUDED TO THE DIFFICULTY OF OBTAINING SENATE

APPROVAL OF A TREATY THAT WENT TOO FAR TO ACCOMMODATE
PANAMANIAN DEMANDS.

5. PART OF PANAMA'S TEAM WAS TO RETURN TO WASHINGTON
TONIGHT TO BEGIN A NEGOTIATING WEEK AT THE STATE DEPART-
MENT THAT OFFICIALS OF BOTH GOVERNMENTS HAVE SAID COULD
CLEAR AWAY THE REMAINING OBSTACLES TO A NEW TREATY.

6. MR. CARTER SAID IN HIS LETTER THAT THE TWO MOST
FORMIDABLE OF THE REMAINING ISSUES INVOLVED THE AMOUNT
THE UNITED STATES WOULD PAY PANAMA FOR USE OF THE CANAL
DURING THE LIFE OF THE TREATY, PRESUMABLY UNTIL THE YEAR
2000, AND THE SCHEDULE UNDER WHICH VARIOUS SEGMENTS OF
THE 533-SQUARE-MILE CANAL ZONE WOULD BE TRANSFERRED TO
PANAMANIAN JURISDICTION IN THAT SAME PERIOD.

7. ON THE COMPENSATION ISSUE, THE TWO SIDES REMAIN FAR
APART, THOUGH BOTH AGREE THAT PANAMA IS ENTITLED TO A
FAR GREATER ANNUITY THAN THE \$2.3 MILLION IT CURRENTLY
RECEIVES.

8. THE AMERICAN NEGOTIATORS, ELLSWORTH BUNKER AND SOL
M. LINOWITZ, HAVE EMPHASIZED THAT THE ADDITIONAL COM-
PENSATION MUST COME FROM THE CANAL TOLLS. THEY HAVE
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INDICATED THAT THE UNITED STATES MIGHT PAY UP TO \$50
MILLION A YEAR DURING THE TRANSITION PERIOD.

9. SOME ADMINISTRATION OFFICIALS EXPRESSED DISMAY THAT
WHEN THE PANAMANIAN NEGOTIATORS RETURNED HOME FRIDAY TO
REPORT TO GENERAL TORRIJOS ON THE MEETING WITH PRESIDENT
CARTER, THEY INDICATED THEY WERE HOLDING FAST TO A
DEMAND FOR A "DOWN PAYMENT" OF \$400 MILLION AND AN
ANNUITY OF \$150 MILLION.

10. THE OFFICIALS FEARED THAT THE PUBLIC RESTATEMENT AT
THIS JUNCTURE OF DEMANDS THAT THE AMERICAN TEAM HAS
REPEATEDLY TERMED WILDLY UNREALISTIC WOULD MAKE IT MORE
DIFFICULT TO ACHIEVE AN ACCEPTABLE COMPROMISE ON THE
COMPENSATION ISSUE.

11. FOLLOWING IS THE TEXT OF THE LETTER FROM PRESIDENT
CARTER TO BRIG. GEN. OMAR TORRIJOS HERRERA, CHIEF OF
GOVERNMENT OF PANAMA, ON A NEW CANAL TREATY.

12. I KNOW YOU MUST BE AS PLEASED AS I AM THAT THE
NEGOTIATIONS BETWEEN OUR COUNTRIES ON A NEW PANAMA

CANAL TREATY HAVE MADE SO MUCH PROGRESS OVER PAST MONTHS, AND ARE NOW NEARING COMPLETION. THIS HISTORIC

TREATY WILL SERVE AS AN EXAMPLE TO THE WORLD OF HOW NATIONS CAN WORK TOGETHER FOR THE BENEFIT OF ALL.

13. YOU WILL BE ABLE TO TAKE GREAT SATISFACTION IN KNOWING THAT THIS HISTORIC ADVANCE WAS ACHIEVED THROUGH YOUR PERSONAL LEADERSHIP.

14. TWO MOST IMPORTANT ISSUES REMAIN TO BE RESOLVED AS WE SEARCH TOGETHER FOR THE FAIR AND JUST TREATY TO WHICH I AM DEDICATED.

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15. THEY ARE LANDS AND WATERS, AND ECONOMIC ARRANGEMENTS. THE UNITED STATES HAS MADE A NUMBER OF MAJOR CONCESSIONS IN THE LANDS AND WATERS AREA DURING THE PAST SEVERAL MONTHS. FOR MY COUNTRY TO MAKE ANY SIGNIFICANT FURTHER ADJUSTMENTS WOULD HANDICAP US UNACCEPTABLY IN OPERATING AND DEFENDING THE CANAL.

16. WE ARE GIVING GREAT THOUGHT TO THE QUESTION OF ECONOMIC ARRANGEMENTS, AND ARE TAKING INTO ACCOUNT YOUR GOALS AND ASPIRATIONS. THE PROPOSALS ON ANNUAL PAYMENTS TO PANAMA WHICH OUR NEGOTIATORS WILL SOON PRESENT TO YOUR REPRESENTATIVES WILL BE THE PRODUCT OF INTENSIVE ANALYSIS AND AN EFFORT TO BE JUST AND FAIR. THE DEPARTMENT OF STATE AND TREASURY WILL SOON HAVE RESPONSES TO YOUR REQUEST FOR ECONOMIC HELP. THESE, TOO, WILL BE THE RESULT OF VERY CAREFUL AND THOUGHTFUL ANALYSIS.

17. IT MAY BE THAT THESE PROPOSALS WILL BE LESS THAN YOU HAD EXPECTED OR WISHED, BUT I HOPE THAT YOU WILL UNDERSTAND THAT THEY REPRESENT THE MOST THAT WE COULD UNDERTAKE TO DO, BASED ON OUR CONSULTATIONS WITH THE CONGRESS. IN MY BEST JUDGMENT, THE PROPOSALS WILL BE GENEROUS, FAIR AND APPROPRIATE.

18. ONCE A TREATY HAS BEEN NEGOTIATED, WE WILL BE LOOKING FORWARD TO WORKING AS CLOSELY AS POSSIBLE WITH YOU ON IMPROVEMENT OF PANAMA'S ECONOMIC HEALTH AND DEVELOPMENT. THERE WILL BE MANY CHANCES TO COOPERATE EFFECTIVELY AS WE OPERATE, MAINTAIN, AND PROTECT THE CANAL TOGETHER. WE FULLY INTEND TO SEIZE THESE OPPORTUNITIES.

19. I AM CONFIDENT THAT YOU UNDERSTAND THE PROBLEMS I FACE AND THE DIFFICULTIES THAT LIE AHEAD FOR ME.

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PLEASE BE ASSURED THAT I, TOO, AM FULLY SENSITIVE TO
THE PROBLEMS AND DIFFICULTIES THAT CONFRONT YOU.

20. I BELIEVE THAT, WITH UNDERSTANDING AND PATIENCE, WE
CAN QUICKLY ACHIEVE THE GOAL THAT HAS ELUDED PAST

GOVERNMENTS AND LEADERS IN BOTH OUR COUNTRIES. I WEL-
COME THE OPENING OF A NEW ERA IN OUR RELATIONS: ONE IN
WHICH OUR PEOPLE WILL COOPERATE FULLY IN CIVILIAN
ENDEAVORS AND IN MILITARY AFFAIRS.

21. I LOOK FORWARD WITH GREAT ANTICIPATION TO THE DAY
WHEN YOU AND I WILL SIGN A GREAT HISTORIC DOCUMENT THAT
WILL MAKE OUR COUNTRIES AND OUR PEOPLES REAL PARTNERS
IN THE ADVENTUROUS YEARS AHEAD. END TEXT. CHRISTOPHER

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